



LASERS

Louisiana State Employees'
Retirement System

BEAM

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THE 2005 LEGISLATIVE SESSION

Lawmakers identify numerous retirement-related issues

Louisiana lawmakers are focusing on a number of issues affecting LASERS and its members. While the 2005 session technically is a fiscal-only session, each legislator was allowed to pre-file up to five bills dealing with matters not related directly to taxation, public revenues or public debt. Sixteen

of this year's bills deal with public retirement-related issues.

Several measures would amend the benefit structure for new members of LASERS. Others would explore ways to change the very nature of public retirement in Louisiana, including an examination of the feasibility of creating

one "superboard" to oversee both LASERS and the Teachers' Retirement System of Louisiana (TRSL).

See the legislative insert on pages 3 and 4 of this newsletter for a summary of all bills affecting LASERS and its members.

New RSEA director outlines legislative priorities

Darlene Richard, the Executive Director of the Retired State Employees' Association of Louisiana (RSEA), says her number-one legislative priority is ensuring benefits equity for all public retirement system members.

"I will aggressively lobby the legislature," Richard says, "to ensure that state employees and retirees are treated equitably by opposing any bills that single out groups of employees for special treatment or retirement benefits."

Richard began her career with the State of Louisiana at the Department of Agriculture in 1975. She went on to work at the Department of Public Safety and Corrections and the Department of Economic Development. She retired as Undersecretary of DED in August, 2004. She became Executive



Director of RSEA in March, 2005.

"It is RSEA'S objective to make a significant difference in the lives and well-being of retirees and active employees by protecting their pension and health care

benefits."

This is why, she says, active employees as well as retirees should consider membership in RSEA.

"LASERS, as a state agency, cannot legally engage in lobbying efforts," Richard says.

"RSEA has no such constraints and has campaigned to pass worthwhile legislation and to defeat actions not in the best interests of current and future retirees."

Sen. Butch Gautreaux Joins LASERS Board

Senator D.A. "Butch" Gautreaux (D-Morgan City) is the new chairman of the Senate Committee on Retirement. As committee chair, he takes his place as an ex officio member of the LASERS Board of Trustees.

Gautreaux replaces former Senator Lambert Boissiere, Jr., who resigned after winning the election for New Orleans City Constable.

Gautreaux was elected to the State Senate in 2000 after having served four years in the House of Representatives. His district includes all of St. Mary and Assumption Parishes, in addition to parts of St. Martin, Lafourche and Terrebonne Parishes.

As chair of the Senate Committee on Retirement, Gautreaux has oversight of pension issues for all public employees in Louisiana.

LASERS Board does not support House Bill 311

The LASERS Board of Trustees does not support House Bill 311 by Representative Pete Schneider. HB 311 is one of several bills being considered in the 2005 legislative session that would change the benefit structure for future rank-and-file state employees. The proposed law has no adverse effect on other classes of state employees.

HB 311 provides for new hires only one retirement eligibility - age 60 with 10 years of service for newly hired rank-and-file members. It reduces the accrual rate for newly hired rank-and-file members from 2.5% to 2%.

By reducing the accrual rate, the State of Louisiana will be pay-

ing a total employer contribution rate of 2%, substantially below the 6.2% that private sector employers pay into Social Security.

Louisiana state workers do not have Social Security coverage. Comparing LASERS accrual rate to other southern states integrated with Social Security is misleading. The employer has to pay an additional 6.2% for Social Security which the State of Louisiana does not pay.

Among LASERS membership groups, rank-and-file state employees already pay the highest percentage (52%) of the cost of their retirement benefit [see table]. In effect, they subsidize the higher

benefits for special membership groups.

If our current employees received an accrual rate of 2.0%, the number of LASERS retirees below the federal poverty level would increase to 9,828, or 37.93% of retirees receiving benefits.

Creating a new plan would also add another benefit structure to LASERS complex system.

The bill also changes the purchase of "Air Time" after June 30, 2006 to prohibit the member from buying eligibility. The member will be able to purchase five years of benefit calculation only.

WWW.LASERS.STATE.LA.US

Funding of Employee Benefits

<u>LASERS Membership Class</u>	<u>% of Benefit Funded by Employee</u>
Rank-and-File	52.1%
Corrections (old plan)	42.6%
Wildlife and Fisheries	36.4%

lagniappe by Robert L. Borden, LASERS Executive Director

In addition to HB 311, there are several other retirement bills that are being considered in the 2005 Legislative Session. The LASERS Board of Trustees has consistently opposed legislation that would benefit special interests at the expense of rank-and-file members. The Board is also vigilant in opposing legislation that increases costs to the system, thereby driving up our unfunded accrued liability.

The LASERS Board is vigorously opposing House Bill 366 which seeks to enhance retirement benefits for legislative staff, at a cost of over \$6 million to LASERS. Two nearly identical measures passed

in the final minutes of the session last year, but were vetoed by the governor. The governor vetoed those measures both for their unfairness to rank-and-file LASERS members and because of the undue burden they added to the unfunded accrued liability of the system.

It is important that you stay informed. Please turn to this issue's Summary of Bills for more information about these measures and every other piece of legislation that could affect your retirement system.

Visit the "Daily Beam" weblog on the LASERS website for the latest retirement news as it happens.

SUMMARY OF BILLS AFFECTING LASERS

HOUSE BILLS

HB 96 (Rep. Dale Erdey, R-Livingston) - Allows an employee who has served in the uniformed services to purchase service credit in his public retirement system by making installment payments. Provides for extension of the payment period to a time period equal to his time served in the uniformed services. The LASERS Board of Trustees **OPPOSES** this legislation.

HB 251 (Rep. Emile Bruneau, R-New Orleans) - Allows certain judges to participate in the Louisiana State Employees' Retirement System (LASERS) Deferred Retirement Option Plan (DROP) for up to five years. Provides that a judge who elects to participate in DROP for more than three years must be serving his last term of office. The LASERS Board of Trustees **OPPOSES** this legislation.

HB 311 (Rep. Matthew Schneider III, R-Slidell) - Modifies the defined benefit structure applicable to the majority of members of the Louisiana State Retirement System (LASERS) for person hired on or after July 1, 2005. The LASERS Board of Trustees **DOES NOT SUPPORT** this legislation.

HB 365 (Rep. Yvonne Dorsey, D-Baton Rouge) - Authorizes each LSU Health Sciences Center medical center to establish an unclassified health care professional employee pool. The LASERS Board of Trustees is **NEUTRAL** on this legislation.

HB 366 (Rep. Charles DeWitt, Jr., D-Alexandria) - Provides for employees of the legislature who are members of the Louisiana State Employees' Retirement System (LASERS) to make employee contributions to the system at a rate of 9% to accrue an additional benefit equal to $\frac{1}{2}$ of 1% times the number of years as a legislative employee times average compensation, and to convert up to three years of leave to service

credit to be used for purposed of eligibility and benefit calculation. The LASERS Board of Trustees **OPPOSES** this legislation.

HB 380 (Rep. Jeffery Arnold, D-New Orleans) - Continues requirement that the Louisiana State Employees' Retirement System (LASERS), the Teachers' Retirement System of Louisiana (TRSL), the Louisiana School Employees' Retirement System (LSERS), and the State Police Pension and Retirement System (SPRS) direct at least 10% of trades through broker-dealers who maintain offices in Louisiana and 10% through broker-dealers who have been incorporated and domiciled in Louisiana for at least two years. Removes provisions that would void such requirements on June 30, 2005. The LASERS Board of Trustees **OPPOSES** this legislation.

HB 457 (Rep. Sydnie Mae Durand, D-Parks) - Increases the employee contribution rate for adult probation and parole employees of the Dept. of Public Safety and Corrections to 10% and provides for additional accrual of service credit for certain such officers in the Louisiana State Employees' Retirement System (LASERS). The LASERS Board of Trustees **OPPOSES** this legislation.

HB 658 (Rep. Matthew Schneider III, R-Slidell) - Provides penalties for failure of investment consultants and money managers to disclose certain relationships. Provides for reporting by state and statewide retirement systems on their investments in certain nations classified as state sponsors of terrorism. Allows statewide system trustees to divest the system from holdings in any company operating in or doing business with or in these nations without breach of fiduciary duty. The LASERS Board of Trustees is **NEUTRAL** on this legislation.

SUMMARY OF BILLS AFFECTING LASERS

HB 722 (Rep. Donald Trahan, R-Lafayette) - Creates the Louisiana Task Force on Public Employee Retirement, intended to implement a strategy for a unified solution for issues facing state and statewide retirement systems. The LASERS Board of Trustees is **NEUTRAL** on this legislation.

HB 724 (Rep. Dale Erdey, R- Livingston) - Provides that the person who is the director for the Louisiana State University Lab School on the effective date of proposed law shall be a member of the Louisiana State Employees' Retirement System (LASERS) effective July 1, 2005. Also specifies that he is not a teacher as that term is defined for purposed of the Teachers' Retirement System of Louisiana (TRSL). The LASERS Board of Trustees is **NEUTRAL** on this legislation. The board opposes the measure if it is made optional.

HB 728 (Rep. Robert Carter, D-Independence) - Prohibits a retirement official from accepting certain defined expenditures made by persons having or seeking certain relationships with the retirement system with which he is affiliated and prohibits such persons from making expenditures for a retirement official. Removes provision requiring the disclosure of such expenditures. The LASERS Board of Trustees **DOES NOT SUPPORT** this legislation.

SENATE BILLS

SB 7 (Sen. Walter Boasso, R-Chalmette) - Makes the following changes for persons hired on or after July 1, 2005; Changes the employee contribution rate from 7.5% to 8.25%. Defines the average compensation as the 60 highest consecutive months of successive employment, provides for retirement eligibility of 10 years at 60 or thereafter, prohibits participation in the Deferred Retirement Option Plan (DROP), prohibits the purchase of "Air Time" and creates one board of trustees of 17 members to manage LASERS and TRSL.

The LASERS Board of Trustees **OPPOSES** this legislation.

SB 135 (Sen. Jay Dardenne, R-Baton Rouge) - Changes the benefit payable to surviving unmarried minor children of a member from at least five years of creditable service to at least 10 years of creditable service, and will allow a member hired after July 1, 2004 to be eligible for retirement with 10 years or more of service at age 60. The LASERS Board of Trustees **OPPOSES** this legislation.

SB 186 (Sen. Walter Boasso, R-Chalmette) - Prohibits the soliciting or accepting of a campaign contributions by any candidate or his principal or subsidiary committee from any person who provides professional services to a state or statewide public retirement system board, relative to the making or managing of trades in equities or other investments. The LASERS Board of Trustees is **NEUTRAL** on this legislation.

SB 231 (Sen. Robert Adley, D-Benton) - Authorizes an employer of any member of a statewide public retirement system to purchase credit for regular or nonregular military service of a member. The LASERS Board of Trustees **OPPOSES** this legislation unless modified to require the employer to purchase military service credit for all employees who qualify.

SB 305 (Sen. Walter Boasso, R-Chalmette) - Creates one Board of Trustees consisting of 11 members to manage the Louisiana State Employees' Retirement System (LASERS) and the Teachers' Retirement System of Louisiana (TRSL). It removes the chairmen of the House and Senate committees on retirement, or their designees from serving as voting ex officio members of the governing boards of LASERS and TRSL. The LASERS Board of Trustees **OPPOSES** this legislation.

Insurance: If a LASERS member dies, do survivors remain covered?

Surviving dependents of deceased active or retired state employees may be eligible for continued health benefits offered through the Louisiana Office of Group Benefits (OGB). Certain exceptions apply. Exceptions and restrictions can be found in the OGB Plan Document's section on eligibility.

It is important that the surviving dependent or employing agency contact the Office of Group

Benefits within the time period defined in the OGB Plan Document. The OGB Plan Document is on OGB's website at www.groupbenefits.org. To request a copy of the Plan Document, please call one of OGB's Customer Service offices.

Other documents available to you on the Web include the OGB "For Our Retirees" handbook and their "Helpful Information Book."

OGB Customer Service Phone Numbers

Alexandria
318-487-5731
800-813-1578

Lafayette
337-262-1357
800-414-6409

Metairie
504-838-5136
800-335-6208

Shreveport
318-676-7026
800-813-1574

Baton Rouge
225-925-6625
800-272-8451

Lake Charles
337-475-8052
800-525-3256

Monroe
318-362-3435
800-335-6206

TDD - Hearing Impaired
225-925-6770
800-259-6771

Many active LASERS members are affected by Guard, Reserve call-up

If you are a member of LASERS who is currently on extended National Guard or Reserve military duty, it is important to know how to maintain your retirement benefits. Otherwise you could experience a suspension of contributions while you are on military leave of absence. This could result in a reduced benefit at the time of your retirement.

The federal Uniformed Service Employment and Re-employment Act (USERRA) states that "any person who leaves employment for active duty in the uniformed services shall be treated as being on military leave of absence during the period of service." This means that you have the right to return to your job when your military duty is over.

Under USERRA you can

elect to remain a member of LASERS while in the military and continue contributing to the System as a member. Or if after your service you immediately return to employment, you can purchase military service at a cost equal to what your employee contributions would have been. If you choose this option, your employer must make the contributions it would have made if you had remained an active member of LASERS. You have up to three times the length of your military service or five years, whichever is less, to make the payment. There is no interest due if paid within this period and no actuarial liability on the part of your employer.

If you elect to go on Leave Without Pay (LWOP) you

PREP & SDP Schedule

05/19/05 - Thibodaux

06/08/05 - Baton Rouge

06/22/05 - Slidell

07/13/05 - Shreveport

07/14/05 - Monroe

have the option of paying your own contributions. If you choose to do so, you will make the payments to your employing agency. Upon receipt of these funds, your employer will remit to LASERS both the employer and employee contributions.

If you select this option, it will be necessary to do so in writing with a signed letter or memo to your agency's human resources department.

THE LASERS EMPLOYEE OF THE QUARTER

Robert Tanory is the LASERS Employee of the Quarter for the first quarter of 2005. Robert is a crackerjack Internet programmer in the Information Technology Division. He is one of the wizards behind your favorite online LASERS resources.



Robert's colleagues say the only thing more impressive than his technical know-how is his positive, helpful approach to the job. If he doesn't know the solution to a problem, he will not stop until he figures it out.

In addition to his outstanding performance at the office, Robert finds the time outside of work to stay current with the leading edge of web programming innovations. Robert Tanory is an invaluable asset to your retirement system.

Please keep your address current

If your home address changes, it is important to submit a Change of Address form as soon as possible.

You can update your address over the internet, using LASERS online forms. Visit the "Forms." page and click on the "Change of Address" link.

However, If you are a retiree who receives a paper

benefit check, you will need to print the form, sign it and mail it to us.

If you would prefer, we will be happy to send you a Change of Address form through the mail. Send us a request letter with your full name, Social Security number, and new mailing address, including zip code. Mail the letter to LASERS, P.O. Box 44213, Baton Rouge, LA 70804-4213.

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Virginia Burton, Chair - (225) 219-2289
Cynthia Bridges - (225) 219-2700
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<http://www.lasers.state.la.us>

Mailing Address: P O Box 44213
Baton Rouge, LA 70804-4213
Street Address: 8401 United Plaza Blvd., First Floor
Baton Rouge, LA 70809
1-800-256-3000; 225-922-0600
TDD: 225-922-0612
PREP: 225-922-0670

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